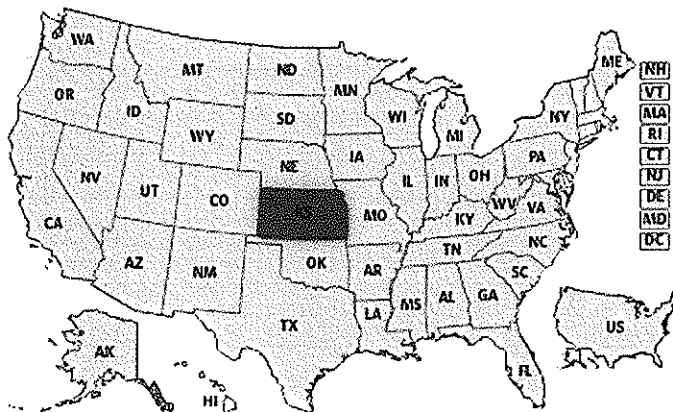


U.S. Freight Railroad Industry Snapshot



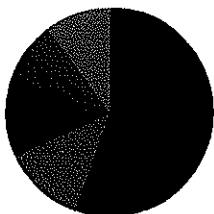
Kansas Snapshot

Number of Freight Railroads	14
Freight Railroad Miles	4,890
Freight Railroad Employees	5,089
Avg. Wages & Benefits Per Freight Railroad	\$102,630
Railroad Retirement Beneficiaries	13,638

One train can carry as much freight as several hundred trucks. In 2009, 340.94 million tons of freight originated, terminated or passed through Kansas by rail. It would have taken approximately 18.9 million additional trucks to handle this freight.

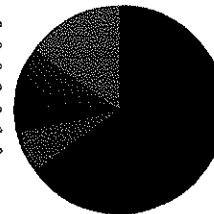
Starting in Kansas

FREIGHT	TONS	PCT
Farm products	12,544,000	55.4%
Food products	2,897,000	12.8%
Chemicals	2,453,000	10.8%
Intermodal	1,441,000	6.4%
Petrol. and coal prod.	877,000	4.3%
Other	2,313,000	10.2%
TOTAL	22,825,000	100.0%



Ending in Kansas

FREIGHT	TONS	PCT
Coal	15,957,000	65.0%
Intermodal	1,644,000	6.7%
Chemicals	1,587,000	6.4%
Food products	1,002,000	4.1%
Ground earths, minerals	678,000	2.8%
Other	3,702,000	15.1%
TOTAL	24,551,000	100.0%



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An Overview of America's Freight Railroads

ASSOCIATION OF AMERICAN RAILROADS

OCTOBER 2011

Summary

From one end of the country to the other, the United States is connected by the **safest, most affordable, and most reliable freight rail system in the world**. The seven large "Class I" railroads, working in cooperation with hundreds of smaller railroads and tens of thousands of rail customers, help deliver **economic growth, support job creation, and provide public benefits** that significantly improve our standard of living. Almost entirely privately owned and operated, freight railroads are essential to a stronger economy and a greener environment.

Delivering The Goods Across the Country and to the World

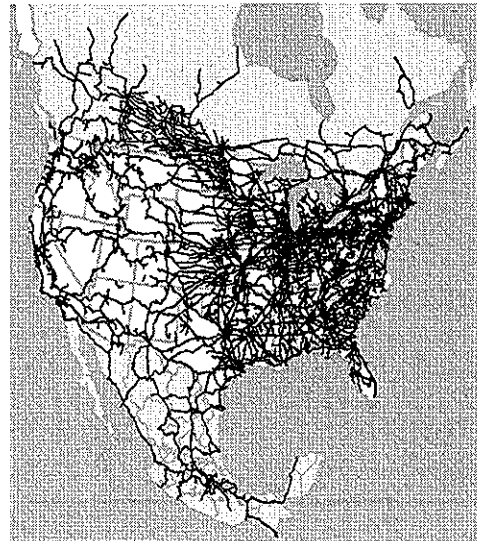
As an indispensable part of America's transportation system, freight railroads serve nearly every industrial, wholesale, retail, and resource-based sector of our economy.

More than **560 freight railroads** operate in the United States. The seven "Class I" railroads account for approximately 68 percent of U.S. freight rail mileage, 89 percent of employees, and 93 percent of revenue. Class I railroads typically operate in many different states over thousands of miles of track. Non-Class I railroads — also known as short line railroads — range in size from tiny operations handling a few carloads a month to multi-state operators that are similar to Class I railroads.

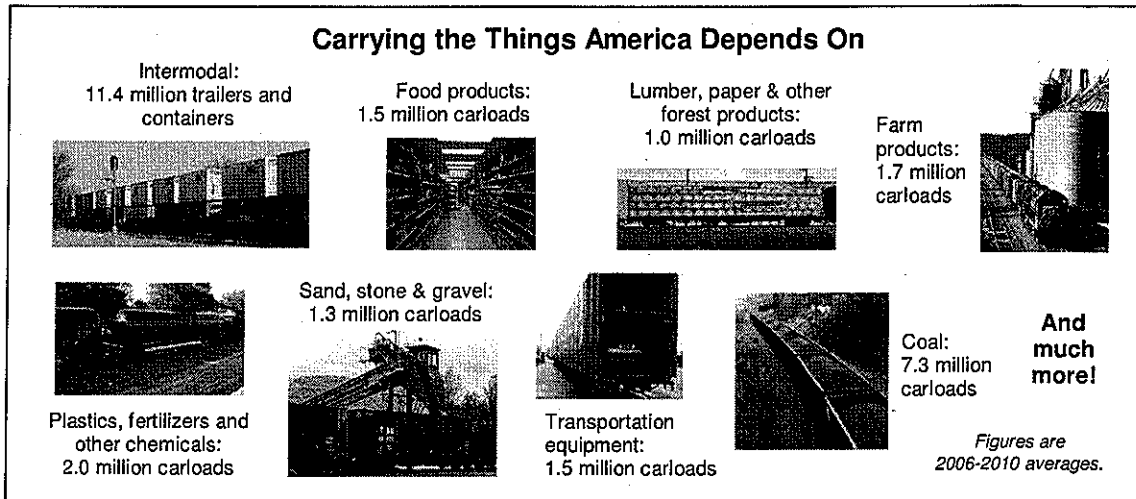
Together, America's freight railroads form an integrated **140,000-mile** system that provides the world's **safest, most productive, and lowest-cost** rail service.

From the food on our tables to the cars we drive to the shoes on our children's feet, **freight railroads carry the things America depends on:**

- The rail share of ton-miles is about 43 percent, more than any other transportation mode. Railroads' share of transportation revenue, however, is less than 10 percent, reflecting railroads' tremendous cost-effectiveness.
- Nearly half of America's electricity comes from **coal**, approximately 70 percent of which is delivered to its final destination by rail.
- Railroads also carry enormous amounts of **corn, wheat, soybeans**, and other grains; fertilizers, plastic resins, and a vast array of other **chemicals; cement, sand, and crushed stone; autos and auto parts; food products; steel and other metal products; petroleum; lumber; paper; metallic ores**; and much, much more.



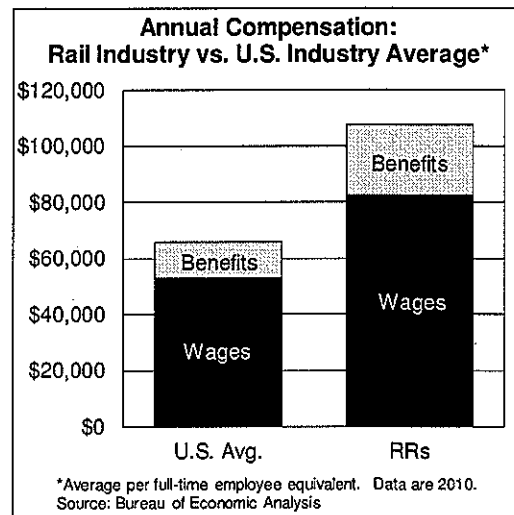
- Intermodal (shipping containers and truck trailers moving on railroads) has been the fastest growing rail traffic segment over the past 25 years. Most intermodal traffic consists of consumer goods. In fact, just about everything you find on retailers' shelves may have traveled at some point on an intermodal train. Approximately 60 percent of rail intermodal consists of imports or exports, reflecting the **vital role railroads play in international trade.**



The Right Track for Economic Recovery

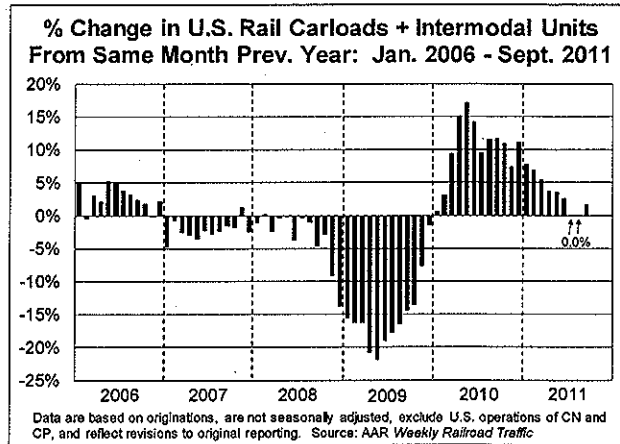
Throughout their 180-year history, freight railroads have played a vital role in America's economic development. As our economy continues to recover from the recent recession, America's freight railroads are working to help keep America moving on the right track.

- According to a U.S. Department of Commerce model of the U.S. economy, America's freight railroads generate nearly **\$265 billion in total economic activity each year** including direct, indirect, and induced effects.
- The approximately 175,000 freight railroad employees are among America's most highly paid workers. According to U.S. government data, in 2010 the average full-time rail industry employee earned wages of \$82,600 and fringe benefits of \$25,100, for total average compensation of \$107,800. By contrast, the average wage per full-time employee in the United States in 2010 was \$53,000 (just 64 percent of the comparable rail figure) and average total compensation was \$66,000 (just 61 percent of the rail figure). The average compensation earned by railroad employees in 2010 was higher than the average compensation in industries employing 91 percent of all U.S. workers.



- In addition to their own employees, **America's freight railroads sustain more than 1 million additional jobs** at firms that provide goods and services to railroads or that are recipients of spending by the employees of railroads and their suppliers.

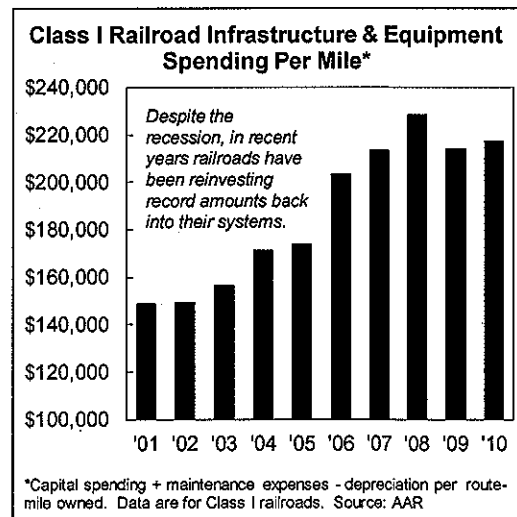
Freight railroading is a “derived demand” industry: demand for rail service occurs as a result of demand elsewhere in the economy for the products railroads haul. Thus, rail traffic is a useful gauge of broader economic activity, especially the “tangible” economy. Like most industries, railroads were hit hard by the recent recession. Since then, rail traffic levels have recovered somewhat, but they are still well below where they were prior to the recession.



Investing for the Future

As America's economy grows, the need to move more people and goods will grow too. Recent forecasts reported by the Federal Highway Administration found that total U.S. freight shipments will rise from an estimated 16.9 billion tons in 2010 to 27.1 billion tons in 2040 — a 61 percent increase. Railroads are getting ready today to meet this challenge.

- America's freight railroads operate almost exclusively on infrastructure that they **own, build, maintain, and pay for themselves**. By contrast, trucks, airlines, and barges operate on publicly financed highways, airways, and waterways.
- From 1980 to 2010, freight railroads reinvested some **\$480 billion** of their own funds on locomotives, freight cars, tracks, bridges, tunnels and other infrastructure. **That's more than 40 cents out of every revenue dollar**. Despite the recession, in recent years **America's freight railroads have been reinvesting more than ever before** back into a rail network that keeps our economy moving.
- The average U.S. manufacturer spends about **3 percent** of revenue on capital expenditures. The comparable figure for U.S. freight railroads is nearly **17 percent**, or more than five times more. The four largest U.S. freight railroads each spend much more on their tracks and the infrastructure each year than most states spend on their highways.



Affordable and Efficient

The affordability of freight railroads saves rail customers (and, ultimately, American consumers) billions of dollars each year and enhances the global competitiveness of U.S. goods:

- **Average rail rates** (measured by inflation-adjusted revenue per ton-mile) were **51 percent lower in 2010 than in 1981**. This means that the average rail customer can ship **twice as much freight today for the same price it paid nearly 30 years ago**.
- U.S. freight railroads are also the **most affordable** among the world's major countries. According to data from the World Bank and other sources, U.S. freight rail rates (measured by revenue per ton-mile) are half those in major European countries and well below China and Japan. This has helped make American firms more competitive in a tough global economy.
- A few years ago, the American Association of State Highway and Transportation Officials estimated that if all freight rail traffic were shifted to trucks, rail shippers would have to pay an additional **\$69 billion per year**. Adjusted for increased freight volume and inflation, that figure is probably closer to \$95 billion today.

Essential to a Greener, Less-Congested Future

Railroads are the most environmentally sound way to move freight and are committed to even greater environmental excellence in the years ahead.

- On average, railroads are **four times more fuel efficient than trucks**. In 2010, U.S. railroads moved a ton of freight an average of **484 miles per gallon** of fuel. And because greenhouse gas emissions are directly related to fuel consumption, moving freight by rail instead of truck reduces greenhouse gas emissions by **75 percent**.
- Since a train can carry the freight of **280 or more trucks**, railroads help reduce highway gridlock and the need to spend scarce taxpayer dollars on highways.



A Need for Reasonable Regulation

Largely because of decades of excessive regulation, by the **1970s U.S. freight railroads were on the brink of ruin**. Railroad bankruptcies were common, and tracks and equipment were falling apart because railroads could not afford the cost of upkeep. The economy suffered greatly because railroads could not provide the quality service their customers needed.

Recognizing the need for reform, Congress passed the **Staggers Rail Act of 1980**. The Staggers Act put in place a more reasonable regulatory system under which railroads could largely decide for themselves — rather than have Washington decide for them — what routes to use, what services to offer, and what prices to charge. Staggers did not eliminate government oversight, though. Government regulators still have the authority to take actions, including setting maximum-allowable rail rates, if a railroad engages in anti-competitive behavior.

Unfortunately, some shortsighted groups and individuals are calling for a return to the days of unbalanced and unreasonable regulation. Policymakers should reject these calls and retain a common-sense regulatory system that provides effective oversight while allowing railroads to provide the rail system our economy needs to grow.

Kansas City Intermodal Project Update
January 11, 2012

Engineering/Construction

- Construction is approximately 40% complete.
 - Earthwork, Drainage Structures, Building Construction, Box Culverts
- State Incentive Grant Spend YTD: \$30.355MM through latest invoice [Nov. '11]
- Represents approximately 86.73% of \$35MM Grant.
- Estimate using \$32MM of Incentive Grant through December 2011.
- Scheduled Opening in 4th Quarter of 2013, concurrent with new I-35 Interchange.
- 150 Construction Jobs, of which 90% are local hires.

KDOT

- Proceeding with Construction Design/Property Acquisition of new I-35
 - Estimated to open in Fourth Quarter of 2013
- Interchange, Homestead Lane Connector Road, and 191st Street.
 - Advertised Bids in December 2011.
 - Bid Opening January 19, 2012.
- New Interchange and Homestead Lane are scheduled to open concurrently with KC-IMF.
- KC-IMF continues to have exceptional political support at all levels.

Property

- Contracts for the three remaining acquisitions to accommodate engineering adjustments have been signed.
- Final locations for utilities, including Edgerton Sanitary Sewer have been determined and easements being prepared.
- No condemnation has been used in acquisitions.

KCPL

- Substation Agreement has been submitted to KCPL.

The Allen Group-Kansas City

- Closed on their first sale--8 ac. to DeLong Grain for containerized grain facility
 - One unit train per week once KC-IMF opens
- TAG is tracking 20 million sq. ft of Economic Development activity.
 - 3.5 million sq. ft is dependent upon opening of KC-IMF.
- TAG responded to 2 million sq. ft. of RFP's in December alone.
- Uncertain economy hindering final location decisions.